



DEKALB COUNTY

W. Burrell Ellis, Jr.
Chief Executive Officer

February 21, 2010

TO: Members, Board of Commissioners

FROM: W. Burrell Ellis, Jr.
Chief Executive Officer

SUBJECT: Amendment to the 2010 Recommended Budget

Attached please find summaries of the changes that I am making to the Recommended 2010 Budget that was delivered to the Board of Commissioners on December 15, 2009.

The DeKalb County fiscal year 2010 general funds budget presents enormous challenges of a historical nature to our county government. Specifically, our county is tasked with closing an \$84 million projected budget shortfall for fiscal year 2010. These challenges have required me, as Chief Executive Officer, and the Board of Commissioners to balance highly important matters to all County citizens and stakeholders. These matters include:

- (1) The reality that DeKalb County, like many other local governments throughout Georgia and the United States, is experiencing sharply declining general fund revenue.
- (2) The imperative to maintain high level quality of county government services to our citizens and stakeholders.
- (3) The need to maintain a high priority of enhanced and improved public safety in our county.
- (4) The wisdom of maintaining morale and continuing to invest in DeKalb's employees.
- (5) Holding firm to the conviction that government should tighten its belt before asking citizens to pay more in property taxes.
- (6) The commitment to be responsible stewards of taxpayer dollars at all times.

I submitted my initial 2010 Recommended Budget in December, 2009. At that time, I committed to a process that involved holding an unprecedented 12 neighborhood budget gatherings in order to facilitate face-to-face conversations with our citizens throughout DeKalb County. Commissioner Connie Stokes, Chair of the Commission's Budget & Finance Committee, co-hosted these gatherings with me, and several other

commissioners attended the meetings as well. Overall, these meetings were well attended and in those meetings I sought and received valuable input from the public. In addition, I have worked diligently with the Board of Commissioners. The attached amendment reflects the spirit of consensus-building between the Office of the CEO and the Board of Commissioners, as each office works to provide the best outcome to our citizens and stakeholders during these difficult economic times.

CHANGES TO TAX FUNDS

At the time I presented my 2010 Recommended Budget on December 15, 2009, the Tax Assessors Office advised the Finance Department that there would be limited digest changes in 2010, based upon significant changes made in 2009 pursuant to State regulations. Upon your request, you received subsequent correspondence from the Tax Assessors Office on January 14, 2010 indicating a possible greater reduction in our tax digest. However, no precise data has been provided to calculate the loss of property tax revenue. If you choose not to reduce the revenue estimates at this time, then adjustments at mid-year will be required and may be more difficult.

In addition to \$53 million in spending cuts that were proposed in my initial 2010 Recommended Budget, I proposed a 1.86 millage increase. This millage increase (which was significantly less than millage increases imposed by surrounding metropolitan Atlanta jurisdictions in the past year), would have generated approximately \$30 million. **I believe that a millage increase will be required as one means of increasing revenue as part of a balanced approach to budgeting that avoids relying solely on cuts in public services.** We must look at other methods for raising revenue as well, and in the 2010 Recommended Budget we have identified \$6.7 million in new revenue sources other than taxes.

A cuts-only approach to budgeting will not only add to the hardships that families are experiencing because of the recession, but will also undermine our ability to fund our parks, libraries, health-care system, infrastructure, judicial system, and public safety, which are important in order to maintain the quality of life of our citizens. However, a majority of the commissioners have signaled that they will not support a budget which anticipates a millage increase at this time, understanding that the actual millage rate will not be set until June. Therefore, in order to facilitate the budget adoption, while incorporating many good recommendations received from members of the Board of Commissioners and our citizens, I am making the following recommendations to further reduce the 2010 budget.

Based on continuing analysis of the overall revenue situation, and careful consideration of our appropriation options, I am recommending that the millage increase of 1.86 mill contained in my December 15, 2009 Recommended Budget be reduced by .78 mills to **1.08 mills, an approximate \$35.50 annual tax increase on an average value home in DeKalb County.**

As a result of the 2009 closing process, revenue available for the 2010 Tax Funds Budget increased by \$1,431,874, as reflected in the change in fund balance from the

projected \$12, 818,477 to an actual fund balance of \$14,250,351. The increase in fund balance was enabled by changing the manner in which the Financial System handles encumbrances. As a consequence of this change, most prior year encumbrances will not be funded by additional appropriations unless specifically noted.

There are a number of additional revenue items that are being added to the budget: (1) the Development Authority has agreed to contribute an amount toward the staff support that they receive, (2) completion of the State Court Probation system will allow us to receive funds which are due to the General Fund, and (3) the transfer from the County Jail Fund will increase slightly. Also, (4) we are expecting that changes being made in the operations of the Recorder's Court will yield revenue dividends in 2010: implementation of a Warrant Program, increased collection of fines, and imposition of a fee for the Law Library are collectively expected to increase revenue from Recorder's Court by \$5,300,000.

Appropriations will change to reflect the new revenue numbers. On the expenditure side, I propose the following:

1. I am eliminating the proposed 1% Merit Increment for 2010. I am also eliminating the pension contribution increase of .5%. Both of these matters are better considered in 2011, once the 27th payday is behind us.
2. I am also amending the budget to change the utilization of H.O.S.T. proceeds to 99.9% for homestead exemption. This reduces the budget \$4,450,000. Unfortunately, it also reduces funding available for necessary and important infrastructure projects. However, there is still sufficient other funding in the pipeline to ameliorate a temporary pause in H.O.S.T. capital contributions to infrastructure projects.
3. We are also able to reduce the amount budgeted for Pensioners' Group Health and Life Insurance. Review of year-end numbers indicated that we had budgeted a higher than needed number. We also identified a more accurate method of allocation among funds that worked to the advantage of the Tax Funds.
4. There are a number of changes that are housekeeping in nature. First, I am restoring the funding for the Assistant Director of Purchasing and Contracting. Second, because of my strong commitment to addressing the serious public safety problem of domestic violence, I am increasing the contract amount for Men Stopping Violence. Third, I am including the amount budgeted for the Tax Allocation District contribution. Fourth, I am recommending that \$431,874 of prior year encumbrance funding be appropriated as indicated. Fifth, I am amending the vehicle maintenance budgets to reflect a change in the use of take home vehicles.
5. As a result of input from several of the Courts, members of the bar and judicial community, and other elected officials, I am amending the budget to restore funding for the State Court, Superior Court, Clerk of Superior Court, Juvenile Court,

Magistrate Court, Probate Court, Public Defender, Child Advocate, and Solicitor General's offices. Furthermore, I am recommending that funding for the Sheriff and District Attorney's offices be maintained at the levels in my initial 2010 Recommended Budget.

6. I am recommending an increase in the budget for the Law Department of \$230,190, and for the Tax Commissioner of \$562,654. These amounts are required in anticipation of increases in litigation expenses and other costs.
7. Finally, in order to further my commitment to preserving our advances in public safety, I am amending the budget to **reduce** funding in the CEO's Office in the amount of \$320,354 (which continues reductions in the CEO's Office undertaken last year) and to **increase** funding in the Marshall's Office by the same amount.

The actual impact on positions within the departments will be determined by the final results of the Early Retirement Option being offered to County employees. Once we know which employees elect the Early Retirement Option (by the end of April 2010) we will have to rebalance positions within departments, relative to available resources, as we determine setting of millage rates in early June 2010. Consequently, I am not recommending changes to the Position Resolution based on these changes.

The total change as a result of the appropriation changes is a **decrease** of the Tax Funds Budget of \$4,454,223 from \$582,742,150 to \$578,287,927.

CHANGES TO OTHER FUNDS

The attached changes to the non-tax funds result primarily from (1) adjustments related to actual year-end fund balances; (2) the treatment of prior year encumbrances, which may increase the fund appropriation; (3) the impact of Board approved items, and (4) other minor changes to revenue or appropriation accounts. All of these changes are a normal annual occurrence and are mainly of an administrative nature.

Most of the Non-Tax Fund Budgets will only be changed by the fund balance calculation, and corresponding changes to anticipations, reserves, and/or appropriations to balance the fund. A few of the budgets, however, have notable changes as follows:

The **Victim Assistance Fund** will decrease by \$166,931 due to lower than anticipated fund balance. Consequently, the reimbursement to the General Fund will be lower.

The **Emergency Telephone Fund** had a higher year-end fund balance than anticipated. The budget anticipates a decrease in commissions of \$960,000 because of statutory limitations on fund balance growth. This will result in a fund total of \$18,015,560.

The **Grant Fund** operates primarily on a reimbursable basis. Consequently the negative fund balance experienced in 2009 will be offset by higher revenue anticipations

reflecting the expected reimbursement of 2009 grant expenditures. Coupled with expected increases in grant funding, the budget will increase to \$101,443,478 in 2010.

The **Water and Sewer Operating Fund** is being amended to reflect a lower fund balance than anticipated. Consequently, the Transfer to R&E appropriation is being reduced by \$7,906,850, resulting in an amended fund total of \$188,114,259.

The **Sanitation Fund** will increase by \$6,447,629 to \$76,296,166. This results from a higher than estimated fund balance, due to estimated receipts being received and posted at a higher amount during the last quarter of the fiscal year. As a result, the Contribution to CIP will be increased by \$5,500,000 to begin funding the new landfill cell project.

The **Stormwater Utility Operating Fund** will have a net increase of \$2,631,641 to \$22,847,629. The Reserve for Appropriation will be increased to \$2,631,641.

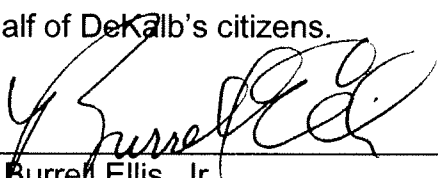
The **Risk Management Fund** ended the year with \$9,369,752 more in fund balance than originally anticipated due to higher than anticipated revenues and lower than projected expenditures. This was a consequence of switching health insurance providers. With a \$9,369,752 increase in reserves, the fund total will increase to \$106,503,424.

CONCLUSION

In addition to these amendments to the 2010 Recommended Budget, I anticipate action from the Board of Commissioners to further reduce spending in order to avoid a millage increase *based upon current tax digest assumptions*. Such actions may include defunding holidays, reductions in the County's contribution to Grady and a larger downsizing in the County's workforce than estimated in my budget assumptions.

We must recognize that there remain considerable challenges ahead of us throughout 2010. The Board of Commissioners will be adopting the millage rate in June. As noted herein, there are indicators that our revenue will continue to decline based upon information we have received about our tax digest. Should that happen, there will be additional challenges ahead and adjustments required. Further reductions may significantly hamper our ability to deliver quality services to our citizens. For now, however, the proposed amendments reflect compromise, consensus-building, and the actions of a government committed to substantially tightening its belt, while providing a level of service delivery necessary to protect the quality of life of its citizens.

I look forward to continuing our work on behalf of DeKalb's citizens.



W. Burrell Ellis, Jr.
Chief Executive Officer

CEO Amendments - Tax Funds Recommended Budget 2010

2/21/10

REVENUES

Type	Amount	Change	
Property Taxes	(\$12,837,212)	Reduce Proposed Millage from 1.86 to 1.08	
		Total Taxes Anticipated	(12,837,212)
Misc. Revenue	200,000	Development Authority Support Contribution	200,000
Charges for Services	1,200,000	Transfer from State Court Probation Fees	1,200,000
Transfers	251,115	Transfer from County Jail Fund	251,115
Fines & Forfeitures	300,000	Increased Fines - Recorder's Court Amnesty Program	
	1,000,000	Impose \$5 Law Library Fee	
	4,000,000	Increased Collections - Warrant Program	
			5,300,000
	1,431,874	Increased Fund Balance	1,431,874
	(\$4,454,223)	TOTAL TAX FUNDS ANTICIPATION CHANGES	(\$4,454,223)
		CEO TAX FUNDS RECOMMENDED BUDGET 12/15/09	\$ 582,742,150
		CEO AMENDED TAX FUNDS RECOMMENDED BUDGET	\$ 578,287,927

APPROPRIATIONS

Dept	Amount	Change	Pos
CEO	(\$320,354)	Reduce funding to 2009 level	
			(\$320,354)
Purchasing	69,072	Restore Funding - Assistant Director P & C	1
		Total Purchasing	69,072
State Court	320,354	Marshal - Add 4 positions & vehicles	4
		Total State Court	320,354
Human & Comm. Dev.	41,350	Increase contract for Men Stopping Violence	
		Total Human & Comm. Dev.	41,350
Non Departmental	(2,900,000)	Eliminate 1% Merit Increment	
	(1,988,000)	Adjust Pensioners Group Health & Life Insurance	
	344,028	Increase TAD contribution amount	
		Total Non Departmental	(4,543,972)
Contribution to CIP	(4,450,000)	Reduce HOST contribution (99.9% Usage)	
		Total Contribution to CIP	(4,450,000)
Various Departments	(1,200,000)	Decrease Pension Contribution by .5%	(1,200,000)
Various Departments		Appropriate Encumbrance amounts as follows:	
	11,500	Board of Commissioners (District 2)	
	180,000	Human Resources	
	11,538	State Court - Marshall	

CEO Amendments - Tax Funds Recommended Budget 2010

2/21/10

APPROPRIATIONS

Dept	Amount	Change	Pos
Various Departments		Appropriate Encumbrance amounts as follows:	
	40,000	Clerk of Superior Court	
	188,836	Geographic Information Systems	
			431,874
Various Departments		Reduce Take Home Vehicle Costs	
	(60,165)	State Court - Marshall	
	(3,711)	District Attorney	
	(11,350)	Medical Examiner	
	(33,701)	Public Defender	
	(540,790)	Police	
	(23,283)	Fire & Rescue	
	(1,933)	Public Works Director	
	(25,067)	Public Works - Roads & Drainage	
			(700,000)
Various Departments		Adjust funding as follows:	
	230,190	Law Department	
	562,654	Tax Commissioner	
	290,058	Juvenile Court	
	1,246,750	Superior Court	
	645,473	Clerk of Superior Court	
	1,161,501	State Court	
	618,931	Solicitor - General	
	86,676	Child Advocate's Office	
	255,032	Probate Court	
	436,870	Public Defender	
	363,318	Magistrate Court	
			5,897,453
	(\$4,454,223)	TOTAL TAX FUND APPROPRIATION CHANGES	(\$4,454,223) 5
		CEO TAX FUNDS RECOMMENDED BUDGET 12/15/09	\$582,742,150
		CEO AMENDED TAX FUNDS RECOMMENDED BUDGET	\$578,287,927

SUMMARY - CEO AMENDMENTS NON-TAX FUNDS

2/21/2010

FUND	Anticipations					Appropriations				
	Recommended Anticipation	Encumbrance Rollover	Fund Balance	Other Anticipation	Amended Anticipation	Recommended Anticipation	Encumbrance Rollover	Reserve for Appropriation	Other Appropriation	Amended Appropriation
DEVELOPMENT	\$2,275,641	\$0	\$70,512	0	\$2,346,153	\$2,275,641	\$0	\$70,512	0	\$2,346,153
P.E.G. FUND	1,677,293	0	30,839	(50,403)	1,657,729	1,677,293	0	0	(19,564)	1,657,729
COUNTY JAIL FUND	1,779,300	0	251,115	0	2,030,415	1,779,300	0	0	251,115	2,030,415
HOTEL/MOTEL	1,620,742	0	(34,730)	0	1,586,012	1,620,742	0	(34,730)	0	1,586,012
VICTIM ASSISTANCE	1,641,021	0	(166,931)	0	1,474,090	1,641,021	0	0	(166,931)	1,474,090
RECREATION FUND	607,554	0	118,037	0	725,591	607,554	0	0	118,037	725,591
L.E.C.M. FUND	5,676,850	0	(660,279)	0	5,016,571	5,676,850	0	(660,279)	0	5,016,571
JUVENILE SERVICES	316,424	0	6,050	0	322,474	316,424	0	0	6,050	322,474
D.A.T.E. FUND	102,208	0	27,853	0	130,061	102,208	0	27,853	0	130,061
STREET LIGHT FUND	4,994,248	0	441,803	0	5,436,051	4,994,248	0	441,803	0	5,436,051
E-911 FUND	17,121,087	0	1,854,473	(960,000)	18,015,560	17,121,087	444,012	450,461	0	18,015,560
SPEED HUMPS MAINT.	1,796,369	0	1,982	0	1,798,351	1,796,369	0	1,982	0	1,798,351
GRANT-IN-AID	80,877,507	0	(26,755,941)	47,321,910	101,443,476	80,877,507	0	0	20,565,969	101,443,476
W & S OPERATING	196,021,109	0	(7,906,850)	0	188,114,259	196,021,109	0	0	(7,906,850)	188,114,259
W & S SINKING	38,867,760	0	79,666	0	38,947,426	38,867,760	0	0	79,666	38,947,426
SANITATION	69,852,973	0	6,443,193	0	76,296,166	69,852,973	0	943,193	5,500,000	76,296,166
AIRPORT	11,620,517	0	(469,446)	0	11,151,071	11,620,517	0	(469,446)	0	11,151,071
STORMWATER UTIL.	20,215,988	0	6,447,629	(3,815,988)	22,847,629	20,215,988	0	2,631,641	0	22,847,629
FLEET MAINTENANCE	28,765,000	0	448,563	0	29,213,563	28,765,000	133,361	315,202	0	29,213,563
VEHICLE	31,395,153	0	270,786	0	31,665,939	31,395,153	70,180	200,606	0	31,665,939
RISK MANAGEMENT	97,133,752	0	9,369,672	0	106,503,424	97,133,752	0	0	9,369,672	106,503,424
WORKERS COMP.	12,707,597	0	202,091	0	12,909,688	12,707,597	0	202,091	0	12,909,688
BUILDING AUTHORITY	3,690,071	0	0	0	3,690,071	3,690,071	0	0	0	3,690,071
P.S.J.F. AUTHORITY	3,107,526	0	2,073	0	3,109,599	3,107,526	0	0	2,073	3,109,599
	\$633,863,690	\$0	(\$9,927,840)	\$42,495,519	\$666,431,369	\$633,863,690	\$647,553	\$4,120,889	\$27,799,237	\$666,431,369